APPENDIX A

Trade Agreement with United Kingdom

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS it is provided in the Tariff Act of 1930 of the Congress of the United States of America, as amended by the Act of June 12, 1934, entitled "An Act to amend the Tariff Act of 1930" (48 Stat. 943), which amending Act was extended by Joint Resolution of Congress, approved March 1, 1937 (50 Stat. 24), as follows:

> Sec. 350. (a) For the purpose of expanding foreign markets for the products of the United States (as a means of assisting in the present emergency in restoring the American standard of living, in overcoming domestic unemployment and the present economic depression, in increasing the purchasing power of the American public, and in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining, and commerce) by regulating the admission of foreign goods into the United States in accordance with the characteristics and needs of various branches of American production so that foreign markets will be made available to those branches of American production which require and are capable of developing such outlets by affording corresponding market opportunities for foreign products in the United States, the President, whenever he finds as a fact that any existing duties or other import restrictions of the United States or any foreign country are unduly burdening and restricting the foreign trade of the United States and that the purpose above declared will be promoted by the means hereinafter specified, is authorized from time to time—
>
> (1) To enter into foreign trade agreements with foreign governments or instrumentalities thereof; and

(2) To proclaim such modifications of existing duties and other import restrictions, or such additional import restrictions, or such continuance, and for such minimum periods, of existing customs or excise treatment of any article covered by foreign trade agreements, as are required or appropriate to carry out any foreign trade agreement that the President has entered into hereunder. No proclamation shall be made increasing or decreasing by more than 50 per centum any existing rate of duty or transferring any article between the dutiable and free lists. The proclaimed duties and other import restrictions shall apply to articles the growth, produce, or manufacture of all foreign countries, whether imported directly, or indirectly; Provided, That the President may suspend the application to articles the growth, produce, or manufacture of any country because of its discriminatory treatment of American commerce or because of other acts or policies which in his opinion tend to defeat the purposes set forth in this section; and the proclaimed duties and other import restrictions shall be in effect from and after such time as is specified in the proclamation. The President may at any time terminate any such proclamation in whole or in part.

WHEREAS I, Franklin D. Roosevelt, President of the United States of America, have found as a fact that certain existing duties and other import restrictions of the United States of America and the United Kingdom of Great Britain and Northern Ireland, Newfoundland, and certain British nonself-governing Colonies Protectorates and Protected States, are unduly burdening and restricting the foreign trade of the United States of America and that the purpose declared in the said Tariff Act of 1930, as amended by the said Act of June 12, 1934, as extended by the said Joint Resolution of Congress, approved March 1, 1937, will be promoted by a foreign trade agreement between the United States of America and

the United Kingdom of Great Britain and Northern Ireland;

* * *

ARTICLE XII

Articles the growth, produce or manufacture of any of the territories to which this Agreement applies on the part of His Majesty the King, enumerated and described in Schedule IV annexed to this agreement, shall, on their importation into the United States of America, from whatever place arriving, be exempt from ordinary customs duties other or higher than those set forth and provided for in the said Schedule IV, subject to the conditions therein set out. The said articles shall also be exempt from all other duties, taxes, fees, charges or exactions of any kind, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under laws of the United States of America in force on the day of the signature of this Agreement.

* * *

SCHEDULE IV

Tariff Act of 1930; Paragraph	Description of Article	Rate of Duty
1409	Filtering paper, valued at 75 cents or more per pound	2½¢ per lb. and 7½% ad val.

APPENDIX B

Tariff Act of 1929

HEARINGS BEFORE A SUB-COMMITTEE OF THE
COMMITTEE ON FINANCE
UNITED STATES SENATE

SEVENTY-FIRST CONGRESS FIRST SESSION
ON H. R. 2667

Schedule 14, Papers and Books, June 13 and 14, 1929

FILTER PAPER PAR. 1409

STATEMENT OF ERNEST CHILD, REPRESENTING
H. REEVE ANGEL & CO., NEW YORK CITY

Mr. Child: Mr. Chairman, I appear on behalf of H. Reeve Angel & Co., Inc., New York, in regard to filter paper, paragraph 1409.

We are large distributors of the qualities made in this country, and leading importers of chemically treated papers that are not made here. We strive to import as little as possible. Filter paper is a more important article than it may seem to be. Most technical papers are used in one particular industry, but filter paper is used in almost every industry, the ordinary grades for the filtration of most liquid products, the better grades in the analytical chemical control of practically every industry.

Before the Ways and Means Committee I advocated a reduction in the duty, that would continue to afford the domestic industry ample protection, and at the same time reduce the cost to consumers of the high-priced chemically-treated papers that are not made in this country.

There was no apparent opposition to this request, hence I assume someone suggested that the rate on filter paper be made the same as for blotting paper, without fully realizing the differences between these papers. Blotting paper and the ordinary grades of filter paper are of about the same physical appearance and both absorbent, but in other respects they are totally different.

The present rate on filter paper is 5 cents per pound and 15 percent ad valorem. The Hawley bill changes this to a specific rate of 30 per cent ad valorem. This is the same as the present rate on blotting paper and also the Hawley bill rate.

The duty change gives the domestic producers less protection than at present on the qualities in which they are solely interested, and increases the duty on chemically treated papers.

The chemically treated papers are not made in this country and are not likely to be, because of the limited demand for each of the many qualities, and the expensive equipment and special knowledge required for their manufacture. These papers are used almost exclusively in scientific, industrial, and government control and research work, also in educational laboratories.

The present duty provides a nice revenue on these chemical papers, and also ample protection on the qualities in which domestic industry is interested. I am sure it cannot be the intent of Congress to add a further expense burden to scientific work, and at the same time to so materially weaken the protection afforded domestic industry in the qualities in which they are interested.

Allow me to illustrate. The domestic qualities cost from 12 to 16 cents per pound; papers costing abroad 12 cents a pound, after adding the present duty of 5 cents per pound and 15 per cent ad valorem, cost 19 cents, duty paid. Under the Hawley bill rate of 30 per cent, such

paper would cost 15.6 cents per pound, duty paid, that is, about 3½ cents per pound less than under the present tariff.

The expensive chemical papers cost several dollars per pound. Such papers, selling abroad at say $3 per pound, cost $3.50 duty paid under the present Fordney rate and $3.90 per pound under the proposed Hawley rate. In other words, the Hawley rate is lower on papers costing abroad up to 34 cents per pound and higher for papers costing over 34 cents per pound. The domestic industry has no interest in the last-mentioned papers.

The large users of filter paper to whom I have spoken about this matter hope that the present standardized and harmonious conditions will be allowed to continue; while the chemical profession, who are the users of the expensive chemical papers, hope that their expense burden will not be increased. A higher rate on the imported chemical papers will not create a greater demand for domestic papers as the respective qualities are used for entirely different purposes and are not interchangeable.

For these reasons I hope you will agree that the present Fordney rate of 5 cents per pound and 15 per cent should be maintained, in the interest of the domestic industry and of scientific workers who are the exclusive consumers of the qualities not made in this country.

Senator Thomas: I take it from your statement that you are opposed to the rates provided in the pending bill, and that you favor the existing law, or the rates contained in the existing statute?

Mr. Child: Quite so.

Senator Thomas: Of 5 cents per pound and 15 per cent?

Mr. Child: Quite so.

Appendix B

STATEMENT OF ARTHUR L. NEWTON, REPRESENTING THE EATON DIKEMAN CO., LEE, MASS.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator Deneen: For whom do you appear?

Mr. Newton: For the Eaton Dikeman Co.

Senator Deneen: To which paragraph will you address your testimony?

Mr. Newton: To paragraph 1409.

Senator Deneen: You may proceed.

Mr. Newton: Our company is the largest manufacturer of filter papers in this country; our total tonnage representing over 75 per cent of the domestic production.

During the late war there was created a demand for domestic qualitative or common grades of filter paper, and our company, at great expense for special machinery, knowledge, and time, developed grades of qualitative and industrial filter papers. We have specialized on these papers and extensive improvements have steadily advanced. Filter paper manufacturing requires a much more technical paper-making knowledge than many other papers and it should in no way be classed with blotting paper. While the basic raw material of all high-grade papers is cotton, we cannot class one with another; each must be considered individually and placed in a class by itself.

Our company has no desire or intention of attempting to make what are termed the quantitative filter papers, that is, the chemically treated papers, as our present machinery is not adapted to this paper, and the tonnage used in this country is limited to the extent that it does not interest us.

I would like at this time to make this point perhaps a little clearer. I have here some samples of what is

termed qualitative filter paper (exhibiting samples). If you go into a wholesale drug store and purchase that little box of paper (indicating) you would pay $1.25. The two are made practically from the same base, 100 per cent cotton, and under our own label you buy our paper for 10 cents.

We did not want to make that paper. The foreign importers have 100 per cent of the business in this country; no mill in this country attempts to make this paper. Therefore, we are not arguing over that. That is quantitative, ours is qualitative paper which is not chemically treated. It is hand made. Ours is machine made.

Senator Deneen: When you submit your brief, will you attach exhibits to it, because others will want to see them?

Mr. Newton: Yes, sir; I will be glad to do so. It is not our intention to attempt to manufacture the quantitive filter papers. The present tariff of 5 cents per pound and 15 per cent ad valorem we believe to be a reasonable and just rate of duty. The present rate permits the importation of considerable quantities of filter paper, that is, the qualitative paper, similar to ours, but it has had no material effect on the prices, and permits us to have a reasonable compensation to be paid to our employees to maintain the high standard of living necessary to the welfare of this country.

However, any decrease in the present rate, small as it may be, will tend to encourage greater importation of filter papers that will without doubt cause serious injury to the one single industry in this country that had the courage to manufacture a paper in quality competition with European manufacturers.

Due to the scarcity of raw material in this country, and with prices advancing, there is no possibility of reducing costs to offset any reduction in tariff.

Appendix B

In the past five years we have developed certain industrial filter papers which are used in conjunction with filter press machines. They are expressly used in chemical, oil, varnish, paint, beverage, and water plants. The proposed change to 30 per cent ad valorem would greatly affect these particular grades due to the weight and low value.

For example, one ream of this industrial filter paper of 500 sheets, 20 by 20 inches, weighs 70 pounds. The selling price is 11½ cents per pound, and the value is $8.05. Under present rates on similar paper imported, the amount of this duty is $4.70, and under the proposed change it would be $2.42.

On the higher quality papers we make, with less ream weight, the paper is much lighter. On the heavier papers the basic weights run from 70 to 100 pounds, and on the lighter from 16 to 35 pounds per ream.

On one ream 20 by 20 inches of the 25-pound paper, valued at $5.95, the present rate of duty is $2.64 and the proposed rate is $1.79, with other papers of lighter weight in proportion.

The present importation is, of course, the light-weight papers carrying a higher price than the heavy industrial papers. At the present time we know of no importation of the heavy papers that affect us. While there are some imported papers of heavier weights, they are all hand-made papers, and the prices are in proportion.

With this great reduction, it would enable foreign manufacturers to drive us out entirely. We could not possibly hope to even try to compete with them.

To us, this is a very serious situation and we cannot believe it to be the intention of this Congress to knowingly permit any change in the present duty that would cause such embarrassment to the only domestic filter-paper manufacturer in this country.

Appendix B

Our filter papers represent about one-fourth of our total production tonnage. During the past five years the prices of our filter papers have been greatly reduced, which, it seems to me, proves that the advantage of our present protective tariff has not been abused.

We feel that the proposed change of duty will prove to be very injurious to us, and without presenting and offering specifically the evidence and reports, we respectfully request that no change be made in the Fordney tariff rate on filter papers.

The total tonnage manufactured in this country of qualitative industrial filter papers is such it would not permit even two mills in this country to engage in the manufacture of that paper and realize any profitable business from it.

The total tonnage is 2,000,000 pounds, which includes the heavier industrial as well as the lighter grades, and inasmuch as the foreign importers have 100 per cent of the higher grade papers, we do feel that the present protection should be maintained and allow our own industry, which is practically the only one in this country manufacturing such papers, to have the full protection.

Senator Keyes: Can you give us the reason why this rate was reduced in the House?

Mr. Newton: As I understand it, filter paper has been classed with blotting papers and others, and that whole schedule was changed, and our filter papers got that decrease.

Of course, filter paper in the papers and trade associations is not known because it is such a small quantity that they have not been interested, and it has not become an issue in any trade paper association. In other words, it might be termed, in one sense, "a one-horse business," because there is so little of it. The use of our industrial

papers has been increasing in the past five years; they are being used to such an extent that we hope that in the next five years we will have a greatly increased business in industrial papers.

But when we realize, as we do now, that there is a mill in Canada that is being equipped to make industrial filter papers to be used in the large power plants in Canada, then we can see that if there is a low tariff it will permit Canada to export into our western and central states, and they will be able to obtain a much lower freight rate than we can obtain in Massachusetts.

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